



NEWS RELEASE

United States Senate Committee on Small Business *Olympia J. Snowe, Chair*

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CONCERNED BY ENERGY DEPARTMENT'S POOR PERFORMANCE ON SMALL BUSINESS CONTRACTS, SNOWE, COLLEAGUES REQUEST GAO STUDY

WASHINGTON, D.C. – Senate Committee on Small Business and Entrepreneurship Chair, Olympia J. Snowe (R-Maine) confirmed today that the Committee has requested that the Government Accountability Office (GAO) examine the Department of Energy's (DOE) compliance with Congressionally-mandated small business prime contracting goals, following a report that DOE ranks last among all federal agencies in awarding contracts to small businesses.

"Whether small businesses have a fair and meaningful opportunity to compete for the DOE contracting dollars is critical both to the country's economic growth and to the integrity of small business policies adopted by Congress," Snowe said.

In a November 19 letter to GAO, Snowe made the request jointly with Senator Pete Domenici (R-NM), Chairman of the Senate Committee on Energy and Natural Resources as well as Senator John Kerry (D-MA), the Small Business Committee's Ranking Member, and Senator Jeff Bingaman (D-NM), Ranking Member of the Energy Committee.

With over 90 percent of its budget spent on contracts, DOE is a leader among federal agencies in terms of overall contracting activity. In fact, DOE awarded prime contracts worth \$19 billion in Fiscal Year 2003. However, data collected by the Federal Procurement Data System (FPDS) show that for Fiscal 2003, DOE, nonetheless, ranked last among the 15 federal agencies required by law to comply with the government-wide small business contracting goal of 23 percent, awarding only 4 percent of its prime contracts to small businesses. By contrast, twelve agencies exceeded the goal and the top-ranking agency, the Department of Housing and Urban Development, awarded 54 percent of its prime contracts to small businesses during the same period.

At a hearing on May 18, 2004, held by the Energy and Natural Resources Committee, GAO officials testified that, despite a contracting plan prepared by DOE's small business office, it is unclear whether DOE made an actual department-wide

commitment to the Congressionally-mandated small business goal, and whether it has established a consistent long-term strategy for achieving that goal.

"If necessary, Congress should strengthen the capacity of the DOE's Office of Small and Disadvantaged Business Utilization and Office of Inspector General, as well as direct the GAO to assist the DOE with devising better acquisition processes," Snowe said.

In Fiscal Year 2000, DOE's reported contribution to the annual government-wide goal dropped substantially, after the method used to count DOE's small business prime contracts was changed and the Department stopped counting subcontracts toward its prime contracting achievements. Since that time, DOE's real annual achievements, roughly 3 percent to 4 percent of its total prime contract dollars, have lagged far behind their previous levels.

"Given the challenge facing DOE to dramatically increase its small business prime contracting, we want to assure that DOE utilizes appropriate practices and has the necessary tools to aggressively expand prime contracting to small businesses while also ensuring the success of their other mission requirements," Snowe and her colleagues wrote, in their request to GAO.

The Senators' letter of request, included the following questions:

What steps is DOE taking, or planning to take, to increase its level of prime contracting with small businesses? What criteria does the department use to identify work performed by its facility management contractors that could be set aside for a prime contract with small business while adequately assuring mission accomplishment, safety, and security?

What are the federal government's "best practices" in increasing small business prime contracting which adequately assure mission accomplishment, safety, and security considerations for other agencies? Is DOE following the "best practices" used by other federal agencies that share similar national security or safety challenges as those faced by DOE, or any applicable guidance of the SBA or the OFPP, for increasing their small business prime contracting?

What challenges or barriers exist to DOE increasing its level of small business prime contracting, and what is the department doing to address these challenges? For example, does the DOE have sufficient resources, acquisition workforce, and internal processes to fully implement a small business prime contracting program that complies with small business contracting goals and federal contracting competition requirements, as well as the capabilities to administer its large and small prime contracts with sufficient oversight to assure mission accomplishment, safety, and security considerations?

What are the typical small business subcontracting requirements imposed by the DOE on its facility management contractors?

What are the frequently occurring concerns and challenges experienced by DOE small business subcontractors, and what are potential approaches to assure that the facility management contractors address or mitigate these concerns and challenges?

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